



AFL-CIO ENDORSES ALTERNATIVES TO BUSH TAX CUT

Associated Press

LOS ANGELES (AP) _ The nation's union leaders are endorsing a one-year \$400-per-person "prosperity dividend" payment from the government as part of an alternative to President Bush's tax cut plan.

A payroll credit and an increased child tax credit also won support from the AFL-CIO executive committee Wednesday as organized labor leaders pledged at their winter meeting to fight Bush's \$1.6 trillion, across-the-board tax proposal.

"For tax relief to provide an efficient and effective stimulus, it must flow to those who will most likely spend it," the resolution said. "This means ensuring that low- and middle-income families receive the bulk of the tax cuts."

Labor Secretary Elaine Chao also met with the council Wednesday and said later that she came "to listen and to learn about the concerns of organized labor." She said the meeting was "productive," and looked forward to "a very cordial and long and productive relationship."

"I am going to work very, very hard to find areas of commonality in which labor and the department can work," Chao said.

The resolution on tax cuts said the AFL-CIO supports:

- A one-year, \$110 billion "prosperity dividend" of \$400 per person paid this year to all Americans regardless of income.
- A refundable income tax credit that exempts the first \$5,700 in earnings from the employee portion of the payroll tax. The plan would cost about \$45 billion annually and yield an annual tax cut of \$427 a person.
- Increasing the child tax credit from \$500 to \$1,000 and making it refundable, which would cost \$44 billion annually. The average benefit would be \$1,120.

The dividend, compared to companies' payouts to shareholders, "would put money in people's hands quickly rather than out in the sixth year" of Bush's plan, said Richard Trumka, AFL-CIO secretary-treasurer.

The dividend plan is similar to a proposal in Congress by Rep. Bernie Sanders, I-Vt., which would offer a \$300 rebate to each person. Sanders' plan also suspends the dividend if there is no budget surplus.

"Right now, we have a surplus and some of it can be returned to the American people. But it should go to everyone equally, not given mostly to the rich," Sanders said.

Leaders who met with Chao said she did not provide substantive answers to policy questions such as Labor Department cuts or the future of the new ergonomics standards, saying she had only been on the job eight days.

She did tell the labor leaders that she and the Bush administration would disagree with unions on labor-management partnership agreements, said Denise Mitchell, AFL-CIO official. Bush is considering disbanding such agreements created by President Clinton.

Sweeney said Chao assured union leaders she would listen to them.

"I think she conveyed a similar message as the president has conveyed to me, that we will have our differences, but we will have the opportunity to discuss these issues," he said.